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FOLLOWING TELEGRAM FROM VIENNA DATED APRIL 21, 1976

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UNCLAS IENNA 3208

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SUBJECT: UNIDO TENTH SESSION INDUSTRIAL DEVELOPMENT BOARD,
AGENDA ITEM 8: INDUSTRIAL DEVELOPMENT FUND

REF: VIENNA 3168

1. SUMMARY. UNIDO SECRETARIAT ON APRIL 21 DISTRIBUTED
DOC. ID/B/169, TERMS OF REFERENCE AND RULES FOR FUNCTIONING
AND ADMINISTRATION OF THE INDUSTRIAL DEVELOPMENT FUND (IDF),
FOR CONSIDERATION UNDER AGENDA ITEM 8 OF IDB-X. DOCUMENT
CONSISTS OF BRIEF NOTE BY EXEC. DIR. COVERING THREE
ANNEXES; (1) A DRAFT RESOLUTION FOR ADOPTION BY 31ST GA,
(2) A DRAFT DECISION ON GENERAL PRINCIPLES FOR OPERATION OF THE
IDF, TO BE TAKEN UP BY THE IDB AFTER ADOPTION OF THE RESOLUTION
AT ANNEX 1, AND (3) A FIRST DRAFT OF THE FINANCIAL RULES OF
THE IDF. ONLY IMMEDIATE ACTION ITEM IS CONSIDERATION BY
IDB-X OF DRAFT RESOLUTION AT ANNEX 1, TEXT OF WHICH FOLLOWS IN
PARA 3. ACTION REQUESTED: INSTRUCTIONS FOR USDEL CONCERNING
ADOPTION OF DRAFT RESOLUTION AT IDB-X. END SUMMARY.
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2. EXEC. DIR'S COVERING NOTE AND DRAFT RESOLUTION
CONTAIN SEVERAL ELEMENTS WORTHY OF CONSIDERATION.
AMONG THESE, PARA 4 OF EX DIR'S NOTE MAKES CLEAR THAT
SUGGESTIONS RECEIVED FROM SOME QUARTERS TO EFFECT THAT

IDF SHOULD GO BEYOND FINANCING OF TECHNICAL ASSISTANCE--
FOR EXAMPLE, TO INCLUDE FINANCING OF NEW PLANTS OR OF
SPARE PARTS--ARE EXCLUDED FROM DRAFT GA RESOLUTION.
IN DRAFT RESOLUTION ITSELF, DEPT WILL NOTE THAT SEC. III,
PARA 2(1) REFERS TO PROVISIONS ADOPTED 6SS, INsofar AS
THEY RELATE TO INDUSTRIAL DEVELOPMENT; USDEL QUESTIONS
WHETHER REFERENCE SHOULD BE RESTRICTED ONLY TO PROVISIONS
OF 6SS OR WHETHER AMENDMENT SHOULD BE SOUGHT TO
BROADEN REFERENCES, AT LEAST TO APPLICABLE PORTION OF GA
RES 3162(7SS). IN SAME SECTION, SUBPARAS (8) AND (9)
INCLUDE UNIDO ACTIVITIES IN FIELD OF CONSULTATIONS AND
NEGOTIATIONS AMONG THOSE PROGRAMS TO BE FINANCED BY IDF;
USDEL BELIEVES THIS TO BE USEFUL ELEMENT OF DRAFT INDICATING
THAT AT LEAST SOME OF THE COST OF THOSE
ACTIVITIES ARE INTENDED TO BE MET THROUGH VOLUNTARY
CONTRIBUTIONS. FINALLY, WE NOTE THAT SECT. IV, PARA 2,
APPEARS TO INDICATE THAT PROGRAM SUPPORT COSTS AND
ADMINISTRATIVE COSTS OF THE IDF SHALL BE MET FROM THE
RESOURCES OF THE FUND ITSELF.

3. TEXT OF DRAFT RESOLUTION IS AS FOLLOS:

BEGIN TEXT. DRAFT RESOLUTION

ESTABLISHMENT OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT
FUND

THE GENERAL ASSEMBLY,

RECALLING ITS RESOLUTION 3086 (XXVIII) OF 6 DECEMBER
1973, IN WHICH IT REQUESTED THE SECRETARY-GENERAL TO PREPARE
A REPORT ON THE QUESTION OF THE ESTABLISHMENT OF A UNITED
NATIONS INDUSTRIAL DEVELOPMENT FUND,

RECALLING ALSO ITS RESOLUTION 3307 (XXIX) OF
14 DECEMBER 1974, IN WHICH IT REQUESTED THE SECOND GENERAL
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CONFERENCE OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT
ORGANIZATION TO CONSIDER THE ESTABLISHMENT OF AN INDUSTRIAL
DEVELOPMENT FUND TO BE FINANCED ON THE BASIS OF VOLUNTARY
CONTRIBUTIONS, INCLUDING THE BASIC GUIDELINES FOR ITS
FUNCTIONING.

TAKING INTO CONSIDERATION THE REFERENCES TO AN INDUSTRIAL
DEVELOPMENT FUND IN SECTION V, INSTITUTIONAL ARRANGEMENTS,
PARAGRAPHS 72 AND 73 OF THE LIMA DECLARATION AND PLAN OF
ACTION ON INDUSTRIAL DEVELOPMENT AND CO-OPERATION, WHICH
WAS ENDORSED AT ITS SEVENTH SPECIAL SESSION IN RESOLUTION
3362(S-VII) OF 16 SEPTEMBER 1975,

RECALLING FURTHER ITS RESOLUTION 3402 (XXX) OF

28 NOVEMBER 1975, IN WHICH IT REQUESTED THE INDUSTRIAL DEVELOPMENT BOARD TO REPORT ON THE MATTER AT ITS THIRTY-FIRST SESSION,

NOTING THE TERMS OF REFERENCE AND RULES FOR THE FUNCTIONING AND ADMINISTRATION OF THE INDUSTRIAL DEVELOPMENT FUND RECOMMENDED BY THE INDUSTRIAL DEVELOPMENT BOARD IN THE REPORT OF THE WORK OF ITS TENTH SESSION,

I

DECIDES TO ESTABLISH THE UNITED NATIONS INDUSTRIAL DEVELOPMENT FUND (HEREINAFTER REFERRED TO AS THE FUND) MANAGED BY THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION.

II

PURPOSE

THE PURPOSE OF THE FUND IS TO INCREASE THE RESOURCES OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND ENHANCE ITS ABILITY TO MEET, PROMPTLY AND FLEXIBLY, THE NEEDS OF DEVELOPING COUNTRIES. IT SHALL SUPPLEMENT THE ASSISTANCE PROVIDED BY MEANS OF THE RESOURCES OF THE REGULAR BUDGET OF THE UNITED NATIONS AND THE UNITED UNCLASSIFIED

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NATIONS DEVELOPMENT PROGRAMME DIRECTED TOWARD THE ACHIEVEMENT OF ACCELERATED AND SELF-SUSTAINED GROWTH OF THE DEVELOPING COUNTRIES IN THE INDUSTRIAL FIELD.

III

GUIDING PRINCIPLES

1. THE FUND SHALL BE USED IN CONFORMITY WITH THE PURPOSES AND PRINCIPLES OF THE UNITED NATIONS CHARTER AND IN THE LIGHT OF THE RESOLUTION ESTABLISHING THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (2152 (XXI)).

2. THE LIMA DECLARATION AND PLAN OF ACTION ON INDUSTRIAL DEVELOPMENT AND CO-OPERATION SHALL SERVE AS THE GUIDELINE FOR THE PREPARATION OF PROGRAMMES FINANCED BY THE FUND. IN PARTICULAR, THE FUND SHOULD ENABLE THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION TO:

(I) PARTICIPATE IN THE IMPLEMENTATION OF THE DECLARATION AND PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER, ADOPTED AT THE SIXTH SPECIAL SESSION OF THE GENERAL ASSEMBLY, ISOFAR

AS THEY RELATE TO INDUSTRIAL DEVELOPMENT;

(II) IMPLEMENT THE RECOMMENDATIONS OF THE AD HOC
COMMITTEE ON LONG-RANGE STRATEGY FOR UNIDO;

(III) IMPLEMENT FIELD PROJECTS, PARTICULARLY
THOSE OF NON-TRADITIONAL NATURE, WITH SPECIAL ATTENTION TO
THE NEEDS OF THE LEAST DEVELOPED AMONG THE DEVELOPING
COUNTRIES, LAND-LOCKED COUNTRIES AND THE ISLAND DEVELOPING
COUNTRIES.

(IV) INTENSIFY ITS ACTIVITIES IN THE DEVELOPMENT
AND TRANSFER OF TECHNOLOGY;

(V) INTENSIFY ITS PROGRAMMES AIMED AT ESTABLISHING
AND/OR INTENSIFYING CO-OPERATION AMONG DEVELOPING
COUNTRIES AND BETWEEN DEVELOPING AND DEVELOPED COUNTRIES;

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(VI) STRENGTHEN ITS PROMOTIONAL ACTIVITIES;

(VII) STRENGTHEN ITS INDUSTRIAL INFORMATION SYSTEM;

(VIII) PROVIDE FOR AN ESTABLISH A SYSTEM OF CONSULTATION
AT THE GLOBAL, REGIONAL AND INTERREGIONAL AND SECTORAL
LEVELS;

(IX) PROVIDE FOR A FORUM FOR NEGOTIATION OF AGREEMENTS
IN THE FIELD OF INDUSTRY BETWEEN DEVELOPED
AND DEVELOPING COUNTRIES AND AMONG DEVELOPING COUNTRIES
THEMSELVES, AT THE REQUEST OF THE COUNTRIES
CONCERNED;

(X) PROVIDE MAXIMUM UTILIZATION OF THE KNOWLEDGE,
EXPERIENCE AND CAPACITY EXISTING IN THE UNITED NATIONS
SYSTEM OF METHODS AND MECHANISMS FOR DIVERSIFIED FINANCIAL
AND TECHNICAL CO-OPERATION WHICH ARE GEARED TO THE SPECIAL AND
CHANGING REQUIREMENTS OF INTERNATIONAL INDUSTRIAL CO-
OPERATION.

IV

ROLE OF THE INDUSTRIAL DEVELOPMENT BOARD AND THE EXECUTIVE
DIRECTOR OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT
ORGANIZATION

1. THE INDUSTRIAL DEVELOPMENT BOARD (HEREINAFTER REFERRED
TO AS THE BOARD) SHALL FORMULATE SUCH GENERAL PROCEDURES
AS ARE NECESSARY TO GOVERN THE OPERATIONS OF THE FUND AND
SHALL PROVIDE GENERAL POLICY GUIDANCE WITH A VIEW TO
ENSURING THAT THE RESOURCES OF THE FUND ARE EMPLOYED WITH

MAXIMUM EFFICIENCY AND EFFECTIVENESS IN PURSUANCE
OF THE PUPOSES OF THE FUND.

2. THE EXECUTIVE DIRECTOR OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (HEREAFTER REFERRED TO AS THE EXECUTIVE DIRECTOR) SHALL PREPARE AND SUBMIT ANNUALLY TO THE BOARD THE PROGRAMME OF THE FUND WITH DETAILS OF THE ACTIVITIES TO BE UNDERTAKEN, AT THE SAME TIME, HE SHALL SUBMIT A PLAN INCORPORATING ESTIMATES
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OF RESOURCES AND EXPENSES FOR THE FOLLOWING TWO YEARS, INCLUDING PROVISION FOR PROGRAMME SUPPORT COSTS AND ADMINISTRATIVE COSTS OF THE FUND AND FOR TRANSFERS TO AND FROM RESERVES.

3. THE BOARD SHALL APPROVE THE PROGRAMME OF THE FUND AND SHALL EXERCISE EFFECTIVE CONTROL OVER ITS CONSTITUENT ACTIVITIES, APPORTIONING THE RESOURCES AVAILABLE, ACCORDING TO THE ESTIMATES OF THE EXECUTIVE DIRECTOR, FOR SUCH ACTIVITIES. THE BOARD SHALL AUTHORIZE THE NECESSARY ALLOCATION OF UNDS TO COVER THE FOLLOWING MAIN CATEGORIES:

(A) EXPENDITURE ON PROGRAMME ACTIVITIES;

(B) A CONTINGENCY MARGIN FOR EXPENDITURE ON PROJECTS TO MEET EMERGENCY NEEDS;

(C) ALLOCATIONS, IF NY; TO OTHER UNITS OF THE UNITED NATIONS, THE SPECIALIZED AGENCIES AND THE INTERNATIONAL ATOMIC ENERGY AGENCY.

4. THE EXECUTIE DIRECTOR SHALL APPROVE PROJECTS WITHIN THE RESOURCES AS APPORTIONED FOR PROGRAMME ACTIVITIES OF THE FUND AND SHALL ALLOCATE FUNDS FOR SUCH PROJECTS ACCORDINGLY.

V

FINANCIAL ARRANGEMENTS

1. THE FUND SHALL BE FINANCED BY VOLUNTARY CONTRIBUTIONS WHICH MAY BE ACCEPTED FROM GOVERNMENTS, INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS AND OTHER NON-GOVERNMENTAL SOURCES FOR PRUPOSES CONSISTENT WITH THOSE OF THE FUND, VOLUNTARY CONTRIBUTIONS BY GOVERNMENTS MAY BE MADE, AT THEIR OPTION, EITHER:

(A) BY PLEDGES OR AN ANNUAL BASIS OR FOR A NUMBER OF YEARS; OR

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(B) IN ACCORDANCE WITH REGULATIONS 7.2 AND 7.3
OF THE FINANCIAL REGULATIONS OF THE UNITED NATIONS; OR

(C) BY BOTH OF THESE METHODS.

OTHER CONTRIBUTIONS MAY BE ACCEPTED IN ACCORDANCE WITH
THE ABOVE-MENTIONED REGULATIONS 7.2 AND 7.3.

2. THE VOLUNTARY CONTRIBUTIONS SHALL BE GOVERNED
BY THE FINANCIAL REGULATIONS OF THE UNITED NATIONS EXCEPT FOR
SUCH MODIFICATIONS AS MAY BBE APPROVED BY THE GENERAL ASSEMBLY
ON THE RECOMMENDATION OF THE BOARD.

3. THE FUND SHALL BE ADMINISTERED IN ACCORDANCE WITH
THE FINANCIAL RULES OF THE UNITED NATIONS INDUSTRIAL
DEVELOPMENT FUND. END TEXT.

4. WE PRESUME THAT DRAFT RESOLUTION, IF ADOPTED, WOULD
HAVE EFFECT ONLY WHILE UNIDO REMAINS PART OF UN, AND THAT,
IF AND WHEN UNIDO BECOMES SPECIALIZED AGENCY, OTHER
ARRANGEMENTS FOR ADMINISTRATION OF IDF WOULD BE NECESSARY,
EITHER AS PART OF UNIDO SPECIALIZED AGENCY CONSTITUTION
OR BY ACTION OF THE AGENCY'S LEGISLATIVE ORGANS.

ACTION REQUESTED: USDEL REQUIRES INSTUCTION A.S.A.P.
AS TO WHETHER IT CAN JOIN IN PROBABLE CONSENSUS TO ADOPT
DRAFT RESOLUTION AT IDB-X OR WHETHER DEPT. PREFERS OTHER
ACTION BE TAKEN. IF DEPT. DESIRES CHANGES IN DRAFT RE-
SOLUTION AS PRESENTED BY SECRETARIAT, USDEL WOULD
APPRECIATE RECEIVING SUBSTANCE O THESE SOONEST IN ORDER
BEGIN NEGOTIATIONS. STIBRAVY UNQUOTE SISCO

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